UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

BARBARA L. MCLAY TRUST, Individually and on Behalf of All Others Similarly Situated, Plaintiff, vs. VEOLIA ENVIRONNEMENT S.A., HENRI PROGLIO, ANTOINE FRÉROT, PIERRE-FRANÇOIS RIOLACCI and THOMAS PIQUEMAL, Defendants.	Civil Action No. 11-CV-9526-VM COMPLAINT FOR VIOLATION OF THE FEDERAL SECURITIES LAWS DEMAND FOR JURY TRIAL

Plaintiff alleges the following based upon the investigation of plaintiff's counsel, which included a review of United States Securities and Exchange Commission ("SEC") filings by Veolia Environnement S.A. ("Veolia" or the "Company"), as well as regulatory filings and reports, securities analysts' reports and advisories about the Company, press releases and other public statements issued by the Company, and media reports about the Company, and plaintiff believes that substantial additional evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

NATURE OF THE ACTION

1. This is a federal securities class action on behalf of purchasers of the American Depository Shares ("ADSs") of Veolia between April 27, 2007 and August 4, 2011, inclusive (the "Class Period"), seeking to pursue remedies under the Securities Exchange Act of 1934 (the "Exchange Act").

JURISDICTION AND VENUE

2. The claims asserted herein arise under and pursuant to Sections 10(b) and 20(a) of the Exchange Act [15 U.S.C. §§78j(b) and 78t(a)] and Rule 10b-5 promulgated thereunder by the SEC [17 C.F.R. §240.10b-5].

3. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. §1331 and Section 27 of the Exchange Act.

4. Venue is proper in this District pursuant to 28 U.S.C. §1391(b), because defendants maintain an office in this District and many of the acts and practices complained of herein occurred in substantial part in this District.

5. In connection with the acts alleged in this complaint, defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including, but not limited to, the mails, interstate telephone communications and the facilities of the national securities markets.

PARTIES

6. Plaintiff Barbara L. McLay Trust, as set forth in the accompanying certification and incorporated by reference herein, purchased the ADSs of Veolia during the Class Period and has been damaged thereby.

7. Defendant Veolia operates utility and public transportation businesses. The Company supplies drinking water, provides waste management services, manages and maintains heating and air conditioning systems, and operates rail and road passenger transportation systems.

8. Defendant Henri Proglio ("Proglio") was the Chairman and Chief Executive Officer ("CEO") of Veolia until November 2009. From November 2009 to December 2010, Defendant Proglio continued to be the Chairman of Veolia.

9. Defendant Antoine Frérot ("Frérot") has been CEO of Veolia since November 2009. From December 2010 to present, Defendant Frérot has been the Chairman of Veolia.

10. Defendant Pierre-François Riolacci ("Riolacci") has been Chief Financial Officer ("CFO") of Veolia since February 2010.

11. Defendant Thomas Piquemal ("Piquemal") was Veolia's Executive Vice President in charge of finance from January 2009 to February 2010.

12. The defendants referenced above in ¶¶8-11 are referred to herein as the "Individual Defendants."

13. During the Class Period, the Individual Defendants, as senior executive officers and/or directors of Veolia, were privy to confidential and proprietary information concerning Veolia, its operations, finances, financial condition and present and future business prospects. The Individual Defendants also had access to material adverse non-public information concerning Veolia, as discussed in detail below. Because of their positions with Veolia, the Individual Defendants had access to non-public information about its business, finances, products, markets and

present and future business prospects via internal corporate documents, conversations and connections with other corporate officers and employees, attendance at management and/or board of directors meetings and committees thereof and via reports and other information provided to them in connection therewith. Because of their possession of such information, the Individual Defendants knew or recklessly disregarded that the adverse facts specified herein had not been disclosed to, and were being concealed from, the investing public.

14. The Individual Defendants are liable as direct participants in the wrongs complained of herein. In addition, the Individual Defendants, by reason of their status as senior executive officers and/or directors, were "controlling persons" within the meaning of Section 20(a) of the Exchange Act and had the power and influence to cause the Company to engage in the unlawful conduct complained of herein. Because of their positions of control, the Individual Defendants were able to and did, directly or indirectly, control the conduct of Veolia's business.

15. The Individual Defendants, because of their positions with the Company, controlled and/or possessed the authority to control the contents of its reports, press releases and presentations to securities analysts and through them, to the investing public. The Individual Defendants were provided with copies of the Company's reports and press releases alleged herein to be misleading, prior to or shortly after their issuance and had the ability and opportunity to prevent their issuance or cause them to be corrected. Thus, the Individual Defendants had the opportunity to commit the fraudulent acts alleged herein.

16. As senior executive officers and/or directors and as controlling persons of a publicly traded company whose ADSs were, and are, registered with the SEC pursuant to the Exchange Act, and were, and are, traded on the New York Stock Exchange ("NYSE") and governed by the federal securities laws, the Individual Defendants had a duty to promptly disseminate accurate and truthful

information with respect to Veolia's financial condition and performance, growth, operations, financial statements, business, products, markets, management, earnings and present and future business prospects, and to correct any previously issued statements that had become materially misleading or untrue, so that the market price of Veolia ADSs would be based upon truthful and accurate information. The Individual Defendants' misrepresentations and omissions during the Class Period violated these specific requirements and obligations.

17. The Individual Defendants are liable as participants in a fraudulent scheme and course of conduct that operated as a fraud or deceit on purchasers of Veolia ADSs by disseminating materially false and misleading statements and/or concealing material adverse facts. The scheme: (i) deceived the investing public regarding Veolia's business, operations and management and the intrinsic value of Veolia ADSs; and (ii) caused plaintiff and members of the Class to purchase Veolia ADSs at artificially inflated prices.

CLASS ACTION ALLEGATIONS

18. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a class consisting of all persons or entities who purchased the ADSs of Veolia during the Class Period (the "Class"). Excluded from the Class are defendants, the officers and directors of the Company, at all relevant times, members of their immediate families and their legal representatives, heirs, successors or assigns and any entity in which defendants have or had a controlling interest.

19. The members of the Class are so numerous and geographically dispersed that joinder of all members is impracticable. Veolia ADSs were actively traded on the NYSE. While the exact number of Class members is unknown to plaintiff at this time and can only be ascertained through appropriate discovery, plaintiff believes that there are hundreds of members in the proposed Class. Record owners and other members of the Class may be identified from records maintained by Veolia

or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

20. Plaintiff's claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by defendants' wrongful conduct in violation of federal law that is complained of herein.

21. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation.

22. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

(a) whether the federal securities laws were violated by defendants' acts as alleged herein;

(b) whether statements made by defendants to the investing public misrepresented material facts about the business, operations and management of Veolia;

(c) whether the price of Veolia ADSs was artificially inflated during the Class Period; and

(d) to what extent the members of the Class have sustained damages and the proper measure of damages.

23. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation make it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

SUBSTANTIVE ALLEGATIONS

Background and Summary

24. Defendant Veolia, together with its subsidiaries, provides environmental management services to individuals, public authorities, and industrial and commercial services customers worldwide.

25. The Company operates in four segments: (i) the **Water** segment offers water and wastewater services, including the management and operation of large-scale and customized drinking water plants, wastewater decontamination and recycling plants, drinking water distribution networks, and wastewater collection networks; and provision of call centers and billing services; (ii) the **Environmental Services** segment provides waste management and logistical services, which include waste collection, waste processing, cleaning of public spaces, maintenance of production equipment, treatment of polluted soil, and management of waste discharge at industrial sites; (iii) the **Energy Services** segment offers a range of energy management services comprising operation of heating and cooling networks, decentralized energy production, thermal and multi-technical services, industrial utilities, installation and maintenance of production equipment, integrated facilities management, and electrical services on public streets and roads; and provides heating systems maintenance services, plumbing and renewable energy services, and meter-reading services.; and (iv) the **Transportation** segment operates various bus networks, suburban trains, tramways, metros, and ferries, as well as offers customized transportation-on-demand services. This segment also provides intercity and regional passenger transportation, infrastructure management and airport services, and transportation management services.

26. During the Class Period, Veolia issued materially false and misleading financial statements that were not prepared in accordance with Generally Accepted Accounting Principles ("GAAP"). Specifically, Veolia failed to timely record impairments to its goodwill and improperly

overstated the operating results for the Marine Services business (which is part of the Environmental Services segment).

Materially False and Misleading Statements Issued During the Class Period

27. The Class Period begins on April 27, 2007. On that date, Veolia issued a press release announcing that it was acquiring SULO Group in Germany. With regard to the acquisition, the press release stated, in pertinent part, as follows:

> With annual revenue of around 1.3 billion in 2006, Sulo is the second largest waste management operator in Germany. Sulo is the market leader in the collection of municipal waste and packaging (Duales System). The company is also an unrivaled specialist in paper and plastics recycling and has high-level expertise in sorting and organic recovery. It holds strong market positions in Eastern Europe and the Baltic states. Sulo employs 7,700 people, including 6,300 employees in Germany.
>
> Upon the completion of this acquisition, the company's waste management division, Veolia Environmental Services, will have revenue in Germany totaling approximately 1,500 million, or around 16% of the division's global revenue.
>
> In addition to the acquired positions in Germany, Veolia Environmental Services strengthens its role in the materials recovery and recycling businesses in Europe. The merger of Veolia Environmental Services and Sulo enables strong synergies to be envisaged, as between them the companies will deal with 4 million metric tons of used paper in what is now a global market.
>
> Furthermore, this transaction strengthens Veolia Environmental Services's presence in the high-growth markets of Eastern Europe and the Baltic states. With revenue of around 200 million in the region, Veolia Environmental Services will have a unique base for expansion in these high growth markets.
>
> The acquisition price corresponds to 8.0 times EBITDA, after taking into account minority interests. The transaction matches the Veolia Environnement's investment criteria and should slightly increase net earnings per share from the first year.
>
> Henri Proglio, Chairman and Chief Executive Officer of Veolia Environnement, said: Veolia Environnement is already well established in Germany in water, energy services and transportation. This acquisition strengthens our position by making us a major player in the country's waste management market. Following the operation, our revenue in Germany will rise to 10%. We will be in an excellent position to develop our expertise in this market, in particular to take advantage of the acceleration in the development of public-private partnerships.

Denis Gasquet, the Chief Executive Officer of Veolia Environmental Services, added: This acquisition strengthens our position as a major operator in the European waste management market. It also reinforces our position in sorting activities and recycled materials management which are at the center of our growth strategy over the coming years and will allow us to accelerate our organic growth in the high-potential markets of Eastern Europe.

28. On May 31, 2007, Veolia issued a press release announcing that it was acquiring TMT, the waste management and treatment subsidiary of Termomeccanica Ecologia in Italy. With regard to the acquisition, the press release stated, in pertinent part, as follows:

TMT is specialized in the design, build and operation of waste treatment facilities (incinerators and mechanical, MBT*-type waste-to-fuel treatment facilities).

The company is the largest private operator in the thermal waste treatment market in Italy, managing seven treatment facilities in different regions of the country. It also has a portfolio of particularly interesting contracts for future plants, some of which are already under construction.

In 2006, TMT reported proforma revenue of 97 million. In view of projects already on stream, revenue should increase significantly in the coming years and reach approximately 200 million in 2011.

"The thermal waste treatment market is particularly dynamic and attractive because of the stated objective of reducing volumes of waste going to landfill, coupled with public incentives for production of green energy. Veolia Environmental Services will therefore be well positioned to respond competitively to future tenders to build new facilities in Italy. In addition to the Italian market, TMT will serve as a gateway for development throughout Southeast Europe, an area faced with similar needs, thanks to its high-quality teams and strong references. This acquisition also puts us in a stronger position to develop our services to industrial organizations (special industrial waste, remediation of polluted soils,...)" said Denis Gasquet, Chief Executive Officer of Veolia Environmental Services.

"This new acquisition, which generates an expected rate of return higher than our standard criteria and will enhance the Company's net income from the second year, strengthens Veolia's position in the Italian and Mediterranean markets" said Henri Proglio, Chairman and Chief Executive Officer of Veolia Environnement.

29. On June 11, 2007, Veolia issued a press release announcing that it was acquiring Thermal North America, Inc. (also known as TNAI). Defendant Proglio, commenting on the acquisition, stated, in pertinent part, as follows:

> Through this acquisition, Veolia Environnement, which already has a large presence in the United States in our water, transport, and waste management activities, expands its position in the country by becoming a leading player in the energy services market. The acquisition of Thermal North America, Inc. gives us the means to accelerate our growth in this market, which is crucial as major changes are starting to take place in US environmental policy. The deal enables Veolia Environnement to achieve critical mass in each of its four businesses, enabling the Group to create powerful synergies within Veolia Environnement North America, whose organization was recently strengthened. It will also increase Veolia Environnement's North American revenue to around USD 4 billion in 2008.

The press release continued, in pertinent part, as follows:

> With projected revenue of USD 425 million in 2007, Thermal North America, Inc., is present in various regional markets acting on the leading edge of environmental stewardship, particularly the Northeast and California. It notably owns and operates heating networks in Boston, Philadelphia, Baltimore, Atlanta, Kansas City, Trenton, St[.] Louis, Oklahoma City and Tulsa and several cooling networks in Las Vegas and Los Angeles. The company employs 450 people and operates 3500 MW of thermal capacity, 520 MW of cooling capacity and 245 MW of electrical capacity. In addition to the distribution of heat and cooling, Thermal North America, Inc. also has power generation (through cogeneration) and comprehensive building management services.
>
> The transaction positions Veolia Environnement in the world's largest energy services market at a time when higher energy costs and changes in US environmental regulations are expected to create new opportunities.
>
> Veolia Energy's objective in the United States, is to drive double-digit annual growth in revenue over the next five years by leveraging the company's expertise in its core business, which is to provide integrated energy solutions that deliver energy savings, promote renewable energy and capitalise on its efforts to reduce greenhouse gas emissions in the relevant markets. The plan involves expanding networks especially cooling networks, which offer strong potential in city centres upgrading production plants, and broadening service solutions to current and future customers, such as hospitals, large production plants and big property developments.
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> The acquisition price, which is in line with the Group's usual profitability criteria, amounts to roughly 9.5 times forecast EBITDA for 2008.
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> Olivier Barbaroux, Chief Executive Officer of Veolia Energy stated: This acquisition makes us a major player in energy services in the United States, which will account for 5% of our business in 2008. Building on our experience in Europe, where we are the leader in energy and environmental efficiency services, we are well positioned to respond to the evolving environmental concerns in North America.

30. On February 5, 2008, Veolia issued a press release announcing its financial results for the year ended December 31, 2007. For the year, the Company reported consolidated revenue of €32,628.2 million. With regard to the Company's Environmental Services segment, formerly known as the Waste Management segment, the press release stated, in pertinent part, as follows:

- In **France**, revenue increased by 7.1% (+6.6% at constant scope) as a result of strong price increases for recycled materials (paper, metals), higher tonnages in the collection and sorting-recycling of solid waste, waste electrical and electronic equipment (WEEE) operations and the treatment of polluted soil, the increase in tonnages to landfills and the good level of business activity at incineration plants.

- **Outside France**, 7.9% internal growth came from all regions. It was noteworthy in the United Kingdom with the start-up of new integrated contracts (Shropshire) and the expansion of existing integrated contracts (East Sussex and Nottinghamshire), but also in Scandinavia with an increase in the recycling business in Norway. ***In North America, the business achieved internal growth of 7.7%, driven mainly by the momentum in industrial services and the incineration business.***

- ***External growth of 18.0% mainly reflected the full-year effect of the acquisitions of Cleanaway in the United Kingdom and Biffa in Belgium and the acquisitions in 2007 of SULO (consolidated since July 2nd) in Germany and of TMT in Italy.***

[Emphasis added.]

With regard to the Company's acquisitions, the press release stated, in pertinent part, as follows:

> The 7.1% external growth stemmed, in particular, from acquisitions made by Veolia Environmental Services in the United Kingdom and Germany (a contribution of around €1,200 million), by Veolia Energy in Europe and Australia (€254 million) and by Veolia Transport in France and the United States (€161 million). The contribution of acquisitions enabled the Company to accelerate its growth outside France, where revenue totaled €18,372.3 million, or 56.3% of total revenue, compared to 53.2% in 2006.

31. On May 6, 2008, Veolia issued a press release announcing its financial results for the first quarter of 2008, the period ended March 31, 2008. For the quarter, the Company reported consolidated revenue of €9,085.6 million. With regard to the Environmental Services segment, the press release stated, in pertinent part, as follows:

- In **France**, revenue rose 12.3% (7.8% at constant scope and exchange rates) as a result of the solid business levels in both the treatment of non-hazardous household and industrial waste (new contracts in the incineration business) and the sorting, recycling and trading of used paper, as well as the acquisition of Bartin Recycling Group completed in February of 2008.

- **Outside France**, all geographic regions contributed to the 7.6% organic growth. ***In North America, continued solid growth of 8.6% at constant scope and exchange rates was driven by an improved trend in pricing which more than offset a slight decline in volumes in solid waste, a strong level of business activity in industrial services and new contracts in the incineration business.*** Organic growth was also strong in the United Kingdom with, in particular, the impact of new integrated contracts. In Asia, the development of recent contracts made a significant contribution to the 8.6% organic revenue growth in operations. Lastly, in the Pacific region, the 21.3% growth (15.4% at constant scope and exchange rates) resulted from a substantial increase in the waste collection and treatment business (residual waste landfills).

> ***The 16.4% external growth primarily reflected the acquisition of Sulo in Germany (consolidated since July 2, 2007), the activities of Bartin Recycling Group in France and VSA Tecnitalia (ex-TMT) in Italy.***
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> Despite the negative impact of currency effects, growth in cash flow from operations benefited from the good contribution of business in North America and the United Kingdom as well as acquisitions. Despite the additional amortization linked to acquisitions made in 2007, a satisfactory increase in operating income at constant exchange rates was recorded, reflecting the good performance of the business as a whole.

[Emphasis added.]

With regard to the Company's acquisitions, the press release stated, in pertinent part, as follows:

> External growth of 7.9% resulted, in particular, from the acquisitions made by Veolia Environmental Services (the waste management division) in Germany, Italy and France (total revenue contribution of €333 million), by Veolia Energy in the United States (€113 million) and by Veolia Water mainly in the United Kingdom and Japan (total revenue contribution of approximately €100 million).

With regard to the Company's acquisition of TNAI and its contribution to Veolia's Energy Services segment, the press release stated, in pertinent part, as follows:

- The 7.9% external growth primarily reflected the acquisition of Thermal North America Inc. in the United States at the end of 2007 as well as, to a lesser extent, acquisitions of smaller companies in Central Europe.

32. On August 7, 2008, Veolia issued a press release announcing its financial results for the six months ending June 30, 2008. For the half year, the Company reported consolidated revenue of €18,091.7 million. Defendant Proglio, commenting on the results, stated, in pertinent part, as follows:

> The half-year results demonstrate strong growth in revenue and a good resilience of operating performances. In view of these results and in order to adapt to the generally constrained and uncertain economic environment, ***Veolia Environnement has committed to taking additional measures, in particular with respect to cost reductions and the disposal of assets with the aim of improving the level of profitability of the businesses and to achieve an after-tax return on capital employed targeted at over 10% by 2010.***

[Emphasis added.]

With regard to the Company's acquisitions, the press release stated, in pertinent part, as follows:

> External growth of 8.4% was primarily led by the contribution from acquisitions completed by Veolia Environmental Services (the waste management division) in Germany, Italy and France (for a total revenue contribution of €718 million euros), by Veolia Energy in the United States (revenue contribution of €172 million euros) and Veolia Water mainly in the United Kingdom and Japan (for a total revenue contribution of approximately €148 million euros).

With regard to the Company's "Action Plan and Outlook," the press release stated, in pertinent part, as follows:

> **2008 Trends**
>
> The first half of the year was marked by a challenging economic and financial environment and by the progressives increased contribution of acquisitions and projects completed in 2007 and in early 2008.
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> In view of the results reported in the first half of the year and within the current economic and monetary conditions, Veolia Environnement expects, at current exchange rates, revenue growth of more than 12% and growth in cash flow from operations of approximately 6% for the full year 2008.
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> **2009 – 2010 Outlook**
>
> Within this context, Veolia Environnement has set an objective to improve the profitability and to achieve an after-tax Return on Capital Employed (ROCE) of 10%

at the end of 2010 as compared with an expected ROCE of between 9% and 9.5% in 2008.

This objective is set against the following elements and actions:

- The progression of organic growth and the improved contribution of recent acquisitions

- The implementation of an accelerated and strengthened cost reduction plan with an objective of €400 million in total cost savings over two years (2009 – 2010), with a full year savings contribution in 2011[.]

- An asset rotation program aimed at disposing at least €1.5 billion in assets by the end of 2009, of which €1 billion in disposals are to be completed or committed before the end of 2008.

- A heightened selectivity of investments (in the range of €5 billion euros in 2008 and €4.5 billion in 2009).

- The evolution of the Company's organization favoring a geographic approach to increase the shared activities and support services and the pooling of capabilities, with an objective of reducing costs and maximizing commercial and operational efficiencies.

With regard to the Company's Environmental Services segment, the press release stated, in pertinent part, as follows:

Revenue

- In **France**, revenue increased 7.3% on a constant consolidation scope, driven by the good performance of the non-hazardous household and industrial waste management (new contracts in incineration) activities, as well as the paper sorting, recycling and trade business. The acquisition of Bartin Recycling Group, finalized in February 2008, brought total growth in France to 15.5%.

- **Outside France**, all geographical regions contributed to the 8.6% organic growth. ***Despite the economic slowdown, growth was strong in North America (up 10.8% at constant consolidation scope and exchange rates) due to the increase in prices in the solid waste activity that offset lower in volumes***, the good performance of the hazardous waste and industrial services businesses in the United Kingdom (up 7% at constant consolidation scope and exchange rates), in particular due to the impact of new integrated contracts. In Asia, the development of recent contracts significantly contributed to the 19.8% organic growth in the region. Lastly, in the Pacific region, growth of 22.9% (up 17% at constant consolidation scope and

exchange rates) resulted from a substantial increase in the waste collection and treatment business (residual waste landfills) and industrial services.

- ***External growth of 18.2% primarily reflected the acquisition of Sulo in Germany (consolidated since July 2, 2007) for a contribution to revenue of €523 million, VSA Tecnitalia (formerly TMT) in Italy for a contribution of €38 million, as well as the activities of Bartin Recycling Group in France (consolidated since February 2008) for a contribution of €136 million.***

Income

- **Operating cash flow** in the Waste management division increased 5.5% (12% at constant exchange rates) to €714.9 million at June 30, 2008 versus €677.6 million at June 30, 2007. The growth in cash flow from operations benefited from the good contribution of the businesses in North America, the United Kingdom and in Asia-Pacific. The contribution from acquisitions in the Waste management division over the course of the past 12 months was €64.7 million, mainly due to the German acquisition. Nevertheless, this was lower than expected due to difficult conditions in industrial non-hazardous waste and due to the nonrenewal of certain contracts within the DSD sector (packaged waste).

Operating income totaled €404.2 million in the first half of 2008 versus €389.1 million in the first half of 2007. Recurring operating income amounted to €404.8 million versus €389.1 million in the first half of 2007 (up 11.5% at constant exchange rates).

The increase in fuel prices negatively impacted operating income by approximately €15 million.

The negative impact of foreign exchange primarily concerned the negative impacts of the depreciation of the US dollar for €10.9 million and the pound sterling for €15.1 million.

[Emphasis added.]

With regard to the Company's acquisition of TNAI and its contribution to Veolia's Energy Services division, the press release stated, in pertinent part, as follows:

- External growth of 8.5%, mainly reflects the consolidation of the Thermal North America Inc. acquisition in the United States at the end of 2007, which contributed €172 million to revenue, as well as to a lesser extent, Praterm in Poland and smaller companies in Central and Southern Europe.

33. On November 12, 2008, Veolia issued a press release announcing its financial results for the nine-month period ending September 30, 2008. For the nine-month period, the Company reported consolidated revenue of €26,316.6 million. With regard to the Company's acquisitions, the press release stated, in pertinent part, as follows:

> External growth of 7.1% resulted, in particular, from the acquisitions made by Veolia Environmental Services (the waste management division) in Germany, Italy and France (with a total contribution of €791 million), by Veolia Energy in the United States (€230 million) and by Veolia Water mainly in the United Kingdom and Japan (total contribution of around €205 million).

With regard to the Environmental Services segment, the press release stated, in pertinent part, as follows:

- **In France**, revenue rose 14.3% (up 5.8% at a constant consolidation scope). External growth resulted from the acquisition of Bartin Recycling Group finalized in February 2008. Organic growth benefited from brisk business in the treatment of non-hazardous household and industrial waste (landfills and incineration) while the sorting-recycling and trading business was affected by the economic slowdown in the third quarter.

- **Outside France**, all geographical regions contributed to the 8.8% organic growth. ***Despite the economic slowdown, solid growth was achieved in North America (up 8.9% at constant consolidation scope and exchange rates) due to the price increases in the solid waste business that offset the decline in volumes as well as the good performance of the hazardous waste busines and industrial services.*** Strong growth was also achieved in the United Kingdom (up 10.3% at constant consolidation scope and exchange rates) with, in particular, the contribution of new integrated contracts. In Germany, revenue contracted in the third quarter in comparison with last year, notably in the DSD sector (packaged waste) and industrial businesses. In Asia, the development of recent contracts made a significant contribution to organic growth of 23.0%. Lastly, in the Pacific region, the 22.0% growth (19.2% at constant consolidation scope and exchange rates) resulted from a substantial increase in the waste collection and treatment business (residual waste landfills) and industrial services.

- ***The 12.6% external growth primarily reflected the acquisition of Sulo in Germany (consolidated since July 2, 2007) for a contribution to revenue of €522 million, of VSA Tecnitalia (formerly TMT) in Italy for a contribution of €59 million as well as the operations of Bartin Recycling Group in France (effective since February 2008) for a contribution of €210 million.***

> Operating cash flow and operating income were stable as compared with 2007. They benefited from the satisfactory contribution from operations in the United States, the United Kingdom and Australia and were negatively impacted by the translation of foreign currency into euros, by the difficulties in Germany, as well as, in the third quarter, by the initial signs of the economic slowdown, particularly in France.

[Emphasis added.]

With regard to the Company's acquisition of TNAI and its contribution to Veolia's Energy Services segment, the press release stated, in pertinent part, as follows:

> - Revenue grew 22.0%, largely due to the increase in energy prices (€240 million) and the acquisition of Thermal North America Inc. (TNAI) in the United States at the end of 2007.
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> * * *
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> - External growth of 9.6% mainly reflected the acquisition of TNAI in the United States in late 2007, which contributed €230 million to revenue, as well as, to a lesser extent, the acquisition of Praterm in Poland and smaller companies in Central and Southern Europe.
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> The strong increase in operating cash flow and operating income reflected the positive impact of the rise in energy prices, the slightly more favorable weather conditions than in 2007, as well as the consolidation of TNAI.

34. On March 6, 2009, Veolia issued a press release announcing its financial results for 2008, the period ended December 31, 2008. For the year, the Company reported consolidated revenue of €36,205 million. Defendant Proglio, commenting on the results, stated, in pertinent part, as follows:

> Veolia Environnement has demonstrated its resilience in the present global economic downturn and has considerable strengths enabling it to rise to the challenges of this environment. For more than 150 years our business has consisted of serving the essential needs of our customers. The nature of our contracts offers good visibility through our recurring cash flows. We have a strong financial structure, an average debt maturity of more than nine years and net liquidity of €4 billion. These strengths and the complementary nature of our businesses allow us to face the current business climate with confidence but also with prudence. In 2009, our efforts will be intensified and focus on the reduction of costs and improving the generation of cash flow.

With regard to the Company's outlook, the press release stated, in pertinent part, as follows:

> In the current economic climate, Veolia Environnement has established the generation of positive free cash flow [] after the payment of dividends as its priority for 2009.
>
> To achieve this objective, the Group expects to reduce its net investments by at least €1.6 billion as compared with 2008, so that net investments in 2009 should not exceed €2 billion. In order to internally generate the resources for growth, Veolia Environnement has expanded its asset disposal plan. Asset disposals should total €3 billion over the 2009–2011 period, with an objective of at least €1 billion in 2009, after nearly €0.8 billion in divestments already completed in 2008. In addition, measures to reduce costs in the amount of €280 million have been identified for 2009, including €180 million in connection with the "2010 Efficiency" plan and €100 million in connection with the waste management division's plan to adapt to the current business climate.
>
> Overall, in light of the Group's priority to generate positive free cash flow [] in 2009, we have established an objective for operating cash flow, after deduction of net investments, of approximately €2 billion at constant exchange rates.

With regard to the Environmental Services segment, the press release stated, in pertinent part, as follows:

> In **France**, revenue grew by 11.2% (+3.8% with a constant consolidation scope). The acquisition of Bartin Recycling Group was finalized in February 2008. Internal growth was bolstered by the sustained level of activity in processing non-hazardous household and industrial waste (both landfill and incineration). However, the economic slowdown in the third quarter, which was exacerbated during the fourth quarter, significantly affected the trend seen during the first half of the year. The change was particularly abrupt in the case of the sorting, recycling and trading business, given the sharp decrease in the price of recyclable paper and metals, as well as in the level of industrial waste management with a fall in the volumes of both hazardous and non-hazardous waste.
>
> **Outside France**, all of the division's regions contributed to the internal growth of 4.7%, but activity was also considerably slowed during the fourth quarter by economic trends in the North American, UK and above all German economies where volumes fell significantly. ***For the year as a whole, growth in North America (+8.7% at constant consolidation scope and exchange rates) was bolstered by price increases in the solid waste sector, which offset the decrease in volumes, and by the strong market for hazardous waste management and industrial services.*** In the UK, growth amounted to 8.6% at constant consolidation scope and exchange rates, reflecting in particular the new integrated contracts won. In Germany, beginning in the third quarter revenue was down 18.9% internally compared to 2007, following the loss of several contracts in the used packaging business (DSD) as well as decline in industrial waste management. The recycling business was also strongly affected by the decrease in prices for recycled materials. In Asia, the development of recently

won contracts was a strong factor in the internal growth observed of 22.0%, while the Pacific region also recorded sustained growth of 14.4% at constant consolidation scope and exchange rates.

The 10.1% external growth essentially reflected the €522.3 million contribution of Veolia Environmental Services in Germany (consolidated effective July 2, 2007), the €59.7 million contribution of VSA Tecnitalia (formerly TMT) in Italy and the €246.6 million contribution of Bartin Recycling Group in France (consolidated effective February 2008).

The Environmental Services division's **operating cash flow** amounted to €1,362.2 million for 2008 compared with €1,460.9 million for 2007, a decrease of 1.6% at constant exchange rates. Operating income amounted to €285.5 million in 2008 compared to €803.5 million in 2007, with recurring operating income decreasing from €803.5 million in 2007 to €640.5 million in 2008. The main non-recurring item in 2008 was a €343 million charge for impairment on goodwill given the deterioration in the German business's performance in 2008. Recurring operating income was also affected by a €62.6 million charge for impairment on other intangible assets in Germany recognized in the opening balance sheet.

Foreign exchange impacts negatively affected the division's operating income and operating cash flow by €51.9 million and €76.5 million, respectively, including €34.7 million and €50.6 million in respect of the British pound and lesser amounts for the US dollar.

The division's overall performance has been considerably affected by the economic crisis since September, with a drop in volumes processed for industrial customers in particular and a significant decrease in the prices for recyclable materials. Performance in the US and the UK nevertheless remained satisfactory due to a reduction in fixed costs combined with price increases in the US.

[Emphasis added.]

With regard to the Company's acquisition of TNAI and its contribution to Veolia's Energy Services division, the press release stated, in pertinent part, as follows:

Total revenue increased by 20.1%, in particular as a result of the increase in energy prices (impact of €473 million), and the acquisition of Thermal North America Inc. (TNAI) at the end of 2007.

* * *

Outside France, revenue increased by 28.2% (11.1% at constant consolidation scope and exchange rates), as a result of both the increase in energy prices and commercial development in Europe as a whole, against the backdrop of stable weather conditions throughout Central Europe in comparison with 2007.

> External growth of 8.7% mainly reflects the €303 million contribution of the TNAI acquisition in the United States completed at the end of 2007, as well as to a lesser extent, the acquisition of Praterm in Poland and of smaller companies in Central and Southern Europe.
>
> The Energy division's **operating cash flow** amounted to €755.4 million for 2008 compared with €641.8 million for 2007, an increase of 15.5% at constant exchange rates. Recurring operating income amounted to €424.7 million in 2008 compared with €373.7 million in 2007, an increase of 13.7% at current and 11.3% at constant exchange rates.
>
> In France, operating performance was positively affected by the rising price of energy sources and by improved productivity. Outside France, the increase in operating cash flow and operating income also reflected the positive impact of energy prices, particularly in Central Europe, as well as of the acquisition of TNAI in the US, of Praterm in Poland and of other entities in Central Europe, all of which helped attenuate the increase in payroll costs, in particular in Central Europe, and the increased price of gas in the Baltic States. CO_2 transactions contributed less to operating income and operating cash flow in 2008 than in 2007.

35. On May, 7, 2009, Veolia issued a press release announcing its financial results for the first quarter of 2009, the period ended March 31, 2009. For the quarter, the Company reported consolidated revenue of €9,267.0 million. With regard to the Company's Environmental Services segment, the press release stated, in pertinent part, as follows:

> The economic crisis affected volumes of solid waste collected from industrial clients and hazardous waste volumes. The decline in industrial waste volumes was approximately 10%, in line with our expectations. The decrease in volume was marginally offset by a positive impact from pricing. The recycling activities, which represented around 9% of the Environmental Services' division revenue in the first quarter of 2009 were in net decline (-46%), mainly due to the drop in prices.
>
> - **In France**, despite the full-year impact of the acquisition of Bartin Recycling Group, revenue decreased 6.9% due to the decline in volumes linked to the economic slowdown.
>
> - **Outside France**, organic growth declined 8.9%. Most geographical regions were impacted by the economic downturn. Accordingly, in Germany revenue fell €83 million (in the first quarter of 2009 as compared with the first quarter of 2008, notably due to lower volumes and the decline in prices in the paper business, as well as the slowdown in some activities such as industrial cleaning), as it did in North America (where the 14.5% appreciation in the dollar's exchange rate offset the 7.8% decline in organic growth due in particular to the decline in treated volumes) and in Asia-

> Pacific. Revenue in the United Kingdom remained flat at constant consolidation scope and exchange rates.

36. On August 6, 2009, Veolia issued a press release announcing its financial results for the half year of 2009, the period ended June 30, 2009. For the half year, the Company reported consolidated revenue of €17,427 million. Defendant Proglio, commenting on the results, stated, in pertinent part, as follows:

> During the first half we have met the objectives we set for the company. Veolia Environnement is weathering the economic downturn well and continuing its expansion. The company has taken a number of vigorous measures to improve its cash generation, an area in which we have already recorded the first effects. At the same time, we are pursuing our strategic development, as illustrated by the negotiations to merge Veolia Transport with Transdev. Overall, the actions taken and the strong support of all Veolia's employees enable us to confirm our objectives for the full year 2009 and look to the future with confidence.

With regard to the Company's outlook, the press release stated, in pertinent part, as follows:

> In the current economic environment, Veolia Environnement's priority for 2009 is to generate positive free cash flow after the payment of the dividend.
>
> To attain this objective, the Group expects net investments of no more than €2 billion in 2009, including an asset disposal plan, confirmed at June 30, 2009, of €1 billion for fiscal year 2009. To date, the Group is engaged in advanced negotiations to dispose of certain assets in the waste management division in the US and France and in the freight business of Veolia Transport. The objective is to finalize these divestments by the end of 2009.
>
> Additionally, the Group has entered into exclusive discussions with the Caisse des Dépôts with the aim of merging Veolia Transport with the company Transdev. This merger project remains subject to the conclusion of a definitive agreement which is itself dependent on regulatory approvals.
>
> The operating and financial performance during the first half of the year and the advancement of the disposal program allow the Group to confirm its objectives set for 2009: to generate positive free cash flow after the payment of the dividend for fiscal year 2008 and to generate operating cash flow less net investments of around €2 billion at constant exchange rates.

With regard to the Company's Environmental Services segment, the press release stated, in pertinent part, as follows:

The economic downturn is affecting the volume of solid and hazardous waste collected and processed from industrial and, to a lesser extent, municipal clients. This decline in volumes is offset only marginally by positive price effects in some segments and in some regions. The revenue of the recycling business is in sharp decline, with prices of recycled materials substantially lower in the first half of 2009 than in the same period of 2008.

Compared to the same period of last year, the stronger decrease in revenue during the second quarter year-over-year than in the first quarter year-over-year was due mainly to the relative drop in the sale of recycled materials – paper and metals – (despite volumes being sequentially higher in the second quarter as compared with the first quarter of 2009). In the second quarter of 2008, pricing for recycled materials was also particularly high as compared with the second quarter of 2009. This decrease is also due to the decline in industrial services (despite being up in the first quarter), particularly in the UK, Germany and in the United States.

- In **France**, revenue decreased by 13.1% at constant scope on account of the decline in volumes due to the economic slowdown and the fall in prices of recycled materials.

- **Outside France**, internal growth declined by 9.0%. Most regions were affected by the economic downturn. In Germany, revenue was down by 18.3% in particular due to the decrease in volumes and prices in the paper business, lower industrial waste volumes and the decline in some sectors, such as industrial cleaning. In North America, revenue decreased by 10.5% at constant scope and exchange rates with a decline in volumes processed in all businesses. In Asia-Pacific, revenue was down by 9.8% at constant scope and exchange rates, with a decline in industrial services and industrial waste in particular. In the UK, revenue was relatively flat at constant scope and exchange rates as the multi-annual municipal waste management contracts and the ramp-up of integrated contracts offset the decline in industrial waste and landfill volumes.

Operating cash flow was €539.7 million at June 30, 2009 compared to €702.6 at June 30, 2008, a decrease of 22.4% at constant exchange rates.

Recurring operating income amounted to €134.3 million at June 30, 2009 versus €397.5 million at June 30, 2008, a decline of 65.4% at constant exchange rates.

The current economic situation, characterized by a decline in the volumes of mainly industrial and hazardous waste processed and the fall in prices of recycled materials (paper and metals) compared to the first half of 2008, has had a significant impact on the operating performance of the Division in all its main markets (France, United Kingdom, Germany, Australia and United States). The first positive effects of the adaptation plan (€45 million impact in the first half of 2009), the Efficiency Plan (€25 million in the first half of 2009) and the favorable impact of the fall in fuel prices have only partially offset the impact of the economic downturn.

> Operating income also included a €35 million impairment charge on assets in Italy, as a result of a business plan review in connection with ongoing contractual negotiations. Operating income is also negatively impacted by €32 million, as compared to June 30, 2008, by a reduction in the discount rate applied to provisions for site remediation – a swing from a €16 million positive impact in the first half of 2008 to a €16 million negative impact in the first half of 2009.
>
> The operating margin (ratio of operating cash flow to revenue) declined from 14.0% at June 30, 2008 to 12.0% at June 30, 2009.

37. On November 9, 2009, Veolia issued a press release announcing its "key figures" as of September 30, 2009. As of September 30, 2009, the Company reported consolidated revenue of €25,356.7 million. With regard to the Environmental Services segment, the press release stated, in pertinent part, as follows:

> The economic downturn is still affecting the volumes of solid and hazardous waste collected and processed from industrial clients, and also, to a lesser extent, municipal clients. This decline in volumes was offset marginally by positive price effects in certain geographic areas. Revenue from recycling activities was still in a sharp decline, with prices of recycled materials substantially lower in the first nine months of the year than in 2008 even though a relative rise in prices has been witnessed in the last few months.
>
> The revenue decline in the third quarter of 2009 was stable in comparison with the trend noted in the second quarter of 2009.
>
> - In **France**, revenue fell 12.3% at a constant consolidation scope because of lower volumes related to the economic slowdown and the decline in recycled material prices.
>
> - **Outside France**, internal growth was -9.8%. Most geographic zones were impacted by the challenged economic environment. In Germany, the revenue decline of 18.1% at constant consolidation scope and exchange rates was due to the decline in volumes and prices in the paper business and lower industrial waste volumes, as well as the slowdown in certain activities such as industrial cleaning. Revenue in the United Kingdom, (-4.2% at constant consolidation scope and exchange rates), was affected by the decline in industrial waste and in landfill volumes, which was unable to be fully offset by the positive contribution from integrated contracts (PFI). ***In North America, revenue dropped 10.5% at constant consolidation scope and exchange rates, with the decline in treated volumes affecting all activities.*** In Asia-Pacific, revenue declined 11.4% at constant consolidation scope and exchange rates due to a contraction in services and in industrial waste.

[Emphasis added.]

38. On November 25, 2009, the Company issued a press release announcing that Defendant Frérot would be succeeding Defendant Proglio as CEO. In that regard, the press release stated, in pertinent part, as follows:

> Mr. Henri Proglio has been appointed Chairman and Chief Executive Officer of EDF by Order of French council of Ministers.
>
> The change of governance announced for Veolia Environnement is confirmed and the following appointments, voted by the meeting of the Veolia Environnement Board of Directors on November 2, 2009, will take effect on the date of publication of the Order:
>
> - Mr. Henri Proglio will exercise the functions of the Chairman of the Board of Directors,
>
> - Mr. Louis Schweitzer is appointed Vice-Chairman of the Board of Directors,
>
> - Mr. Antoine Frérot is appointed Chief Executive Officer.

39. On March 5, 2010, Veolia issued a press release announcing its financial results for the year ended December 31, 2009. For the year, the Company reported consolidated revenue of €34,551.0 million. The Company claimed that the decline in revenue was due to:

> - the decrease in waste volumes in the Environmental Services division (volumes collected and landfilled), accounting for a 1.6% decline in revenue at the Group level;
>
> - the decline in prices of recycled materials in the Environmental Services division, accounting for an approximate 0.8% decline in revenue at the Group level;
>
> - the contraction in energy prices, which accounted for an approximate 0.4% decline in revenue at the Group level; [and]
>
> - the slowdown in the Works business in the Water division. Growth in Engineering & Construction activities and Works activities in the Water sector slowed during 2009, marked by the near completion of some significant construction contracts outside France[.]

With regard to the Company's outlook, the press release stated, in pertinent part, as follows:

In 2010, Veolia Environnement anticipates a recurring operating income improvement. The Group intends to continue to pursue improving profitability and will continue to prioritize cash generation. The objective of €3 billion in asset divestments over the period 2009-2011 is maintained and the global efficiency program raised to €250 million in cost savings for 2010. The Group reiterates its commitment to generate positive free cash flow[] after the payment of the dividend in 2010.

For the next three to five years, through the recovering performance of recent acquisitions, increasing profitability of slow-return assets as well as improving the productivity and optimization of the Group's asset base, the Group has targeted, according to the prevailing economic environment, an average annual increase in recurring operating income of 4% to 8%; and in years three to five an objective of after-tax ROCE between 9% and 10%.

With regard to the Company's Environmental Services segment, the press release stated, in pertinent part, as follows:

The economic downturn has affected the volumes of solid and hazardous waste collected and processed from industrial clients, with variation across countries and business lines. It has also affected, to a lesser degree, business with municipal clients.

Revenue from the sale of recycled materials (which represented roughly 7% of the division's revenue) has continued to decline; average annual prices of recycled materials (paper, cardboard, scrap iron and non-ferrous metals) remained significantly lower than in 2008, although there was a gradual upturn in paper and cardboard prices throughout 2009. Prices of scrap iron and certain nonferrous metals remained significantly lower than in 2008.

At constant consolidation scope and exchange rates, revenue was stable in the fourth quarter of 2009 compared to the fourth quarter of 2008, reflecting the stabilization of economic conditions in the second half of 2009.

- In France, revenue fell 10.8% (-9.3% at constant consolidation scope), due to the decline in industrial and commercial volumes resulting from the economic slowdown and the decline in recycled material prices.

- Outside France, revenue fell 8.6% (-7.4% at constant consolidation scope and exchange rates). Most geographic zones were affected by the deterioration in the economic environment. In Germany, revenue dropped 8.9%, (-11.3% at constant consolidation scope), owing to the fall in volumes and prices in the paper business and the decline in industrial waste volumes. Revenue in the United Kingdom, declined 12.9% (-3.7% at constant consolidation scope and exchange rates), due to the decline in industrial waste and landfill volumes, although the positive contribution of integrated (PFI) contracts limited this

> negative impact. ***North America revenue declined 4.2%, (-9.1% at constant consolidation scope and exchange rates), as the decline in volumes of waste collected affected all business lines, but was offset in some cases by price increases.*** Asia-Pacific revenue declined 7.8% (-8.6% at constant consolidation scope and exchange rates), and was also impacted by the decline in industrial services and waste.

40. On March 24, 2010, the Company issued a press release announcing that Defendant Proglio would step down as Chairman of the Board of Veolia by the end of the year.

41. On May 7, 2010, Veolia issued a press release announcing its "key figures" as of March 31, 2010. As of March 31, 2010, the Company reported consolidated revenue of €8,794.2 million. The Company stated that the decline in revenue was due to the "expected effects of 1) the slowdown in the works business and in particular the finalization stage of some major construction contracts outside France in the Water division, 2) the impact of non-strategic divestments carried out in 2009, 3) the non-renewal in 2009 of certain significant contracts in the Transport division and 4) the decline in energy prices, partly offset by a positive foreign exchange effect." With regard to the Company's Environmental Services segment, the press release stated, in pertinent part, as follows:

> The increase in recycled material prices (notably in France, Germany and Norway) and the growth at constant scope and exchange rates in certain operations (United States and United Kingdom) offset the challenges encountered in some business lines focused on industrial customers that are still affected by the tough business environment.
>
> - The net divestments carried out in the Environmental Services division in 2009, in particular the VPNM operations in France sold in August 2009, had a negative 4.1% impact on revenue.
> - In **France**, revenue grew 2.2% at constant scope (down 8.5% at current scope) due to the rise in prices of recycled materials (paper, cardboard and non-ferrous metals), despite a strong commercial discipline, as well as a slight contraction in industrial and commercial volumes that had a negative impact on waste collection operations.
> - **Outside France**, revenue grew 6.7%, (up 3.9% at constant scope and exchange rates). Germany benefited from the upturn in paper and cardboard prices, with revenue rising (EURO)30.4 million in the first quarter of 2010 from the first quarter of 2009, notably due to the increase in paper prices.

> Revenue in the United Kingdom gained 3.9% at constant scope and exchange rates due to the ramp and growth of integrated contracts. ***In North America, 2.7% growth at constant scope and exchange rates was driven by the Marine Services business as well as the positive impact of recycled material prices.*** In Asia-Pacific, the 3.9% revenue growth at constant scope and exchange rates benefited from the recovery in the paper business in Asia as well as targeted price hikes.

[Emphasis added.]

42. On August 6, 2010, Veolia issued a press release announcing its half year results for 2010, the period ended June 30, 2010. For the half year, the Company reported consolidated revenue of €17,177 million. Defendant Frérot, commenting on the results, stated, in pertinent part, as follows:

> Solid results in the first half of 2010 have been achieved in an economic environment that is mixed; with very good recycled raw material prices, while recovery in waste volumes has been limited and divergent. The waste business improvement during the second quarter represents an encouraging signal. This first part of the year has also permitted the significant redeployment of our portfolio of assets in the Czech Republic in the Energy Services division and in Central Europe within the Water division. The encouraging evolution of activity throughout the latest months, our commercial successes, execution of our efficiency plan, management of our investment expenses and the advancement of our divestment program under favorable conditions are also very positive. The Group's solid position and the recent success of Veolia's strategy of profitable growth, lead us to confirm our 2010 objectives for recurring operating income improvement and positive free cash flow after dividend payment.

With regard to the Company's objectives and outlook, the press release stated, in pertinent part, as follows:

> Based on the results realized throughout the first half of 2010, Veolia Environnement confirms the objectives fixed for 2010:
>
> - achieve recurring operating income improvement
> - generate positive free cash flow after dividend payment []
> - realize €250 million in cost reductions
> - pursue the program of €3 billion in divestitures for the period 2009-2011

- and maintain the ratio objective of Net debt / (Cash flow from operations + repayment of OFAs).

With regard to the Company's Environmental Services segment, the press release stated, in pertinent part, as follows:

> The positive movement in recycled raw materials prices (notably in France, Germany and Norway), good progression of certain activities in the United States and ramp-up and growth of integrated contracts in the United Kingdom contributed to the return of organic growth at +6.6% in the first half of 2010, despite challenges in certain activities associated with industrial clients still affected by the difficult economic environment. Nevertheless, after volume trends that were still marginally negative in the first quarter, the last months have shown an improvement in several activities.
>
> - In **France**, revenue increased 7.0% at constant scope, (-4.0% at current scope due to the divestment of Veolia Propreté Nettoyage et Multi-Services in 2009), due to higher recycled raw materials prices (paper/cardboard and metal) and a moderate recovery in volumes in the 2nd quarter. This progression was achieved despite strong commercial discipline that has been maintained at contract renewals.
>
> - **Outside France**, revenue grew 9.9% (6.2% at constant scope and exchange rates). Germany benefited from higher paper and cardboard prices. Revenue in the United Kingdom increased 3.8% at constant scope and exchange rates due to the continued ramp and growth of integrated contracts. ***In North America, 4.9% revenue growth at constant scope and exchange rates resulted from disciplined pricing and solid volume levels.*** In Asia Pacific, 7.6% revenue growth at constant scope and exchange rates resulted from a recovery in paper recycling activity.
>
> - Net divestments in the Environmental Services division in 2009, primarily the activities of Veolia Propreté Nettoyage et Multi-Services in France in August 2009, had an impact on revenue of - 4.7% (-€210.1 million in H1 2010 compared to H1 2009).
>
> Operating cash flow increased 16.1% (13.3% at constant exchange rates) to €626.6 million in the six months ended June 30, 2010 compared to €539.7 million in the six months ended June 30, 2009.
>
> In the context of stabilized global volumes during the first half of 2010, with initial signs of recovery at the end of the period, this improvement is explained by:
>
> - higher recycled raw materials prices (paper and metal) compared to the first half of 2009, which positively impacted operational performances in the division's principal countries (France, United Kingdom, Germany, Australia and the United States);

- positive effects of the Efficiency Plan (€43 million);

Operating cash flow margin increased markedly from 12.0% in the six months ending June 30, 2009 to 13.3% in the six months ended June 30, 2010.

Recurring operating income increased 86.6% (80.7% at constant exchange rates) to €250.6 million in the first half of 2010 versus €134.3 million in the corresponding period in 2009.

The variation in recurring operating income reflects:

- an impairment charge of €35 million booked in the first half of 2009, on operating financial assets in Italy; and

- a negative effect related to the reduction in discount rate utilized at June 30 each year to calculate the provisions for site remediation resulting in a variation of -€15 million compared to the first half of 2009.

The recurring operating income margin improved from 3.0% at in H1 2009 to 5.3% in H1 2010.

[Emphasis added.]

43. On November 10, 2010, Veolia issued a press release announcing its "key figures" as of September 30, 2010. As of September 30, 2010, the Company reported consolidated revenue for the nine months ending September 30, 2010 of €25,467.9 million and third quarter 2010 revenue grew 5.3% compared to the third quarter 2009. With regard to the Company's Environmental Services segment, the press release stated, in pertinent part, as follows:

The positive differential of recycled raw materials prices (notably in France, Germany and Norway), good progression of certain activities in the United States and the ramping and growth of integrated contracts in the United Kingdom contributed to organic growth of 7.2% during the third quarter of 2010. In addition, after a volume effect still marginally negative during the first quarter, the second and third quarters confirm signs of volume recovery in certain activities, and in certain countries, of the Environmental Services division.

- In **France**, revenue increased 7.7% at constant scope due to higher recycled raw materials prices (paper/cardboard and metals) and a moderated improvement in volumes during the second and third quarters of 2010. This improvement was attained despite strong commercial discipline at the time of contract renewals. Revenue in France at current scope decreased by 2.4%

compared to the prior year due to the divestiture of Veolia Propreté Nettoyage et Multi-Services in 2009.

- **Outside France**, revenue grew 11.7% (+6.9% at constant scope and exchange rates). Revenue in Germany (+12.6% at constant scope and exchange rates) benefited from a positive price differential on paper and cardboard, and during the third quarter from a rebound in activity in the commercial and industrial segment. Revenue in the United Kingdom increased 4.2% at constant scope and exchange rates due to the ramping and growth of integrated contacts and despite an economic environment which remains difficult, which is negatively impacting other activities. ***In North America (+6.2% at constant scope and exchange rates), growth was derived from retaining good pricing and volumes, and was reinforced by one time projects.*** In Asia-Pacific, the 10.2% revenue increase at constant scope and exchange rates benefited from the ramping and growth of activities in China and the recovery of industrial services activities in Australia.

- Net divestments completed in the Environmental Services division throughout 2009, notably the activities of Veolia Propreté Nettoyage et Multi-Services in France, which were divested in August 2009, had an impact on revenue of -4.3% (-(EURO)290.4 million compared to the nine months ending September 30, 2009).

[Emphasis added.]

44. On March 4, 2011, Veolia issued a press release announcing its financial results for the year ended December 31, 2010. For the year, the Company reported consolidated revenue of €34,787 million. With regard to the Company's outlook, the press release stated, in pertinent part, as follows:

In 2011, Veolia Environnement envisions a year of growing results:

- Adjusted operating income improvement in the range of 4% to 8%, excluding the impact of the combination of Veolia Transport and Transdev.

- Net income improvement.

- Minimum cost savings of €250M.

- Increased divestment program to at least €1.3 billion.

- Positive free cash flow after dividend[.]

For the period 2011-2013, and according to economic environment assumptions, Veolia's objectives are:

- Average annual increase in adjusted operating income for the period of 4% to 8%[.]

- Improvement in ROCE after tax, with an objective between 9% and 10% in 2014[.]

- Divestment program increased to €4 billion[.]

- Reinforcement of our cost cutting Plan to obtain €300M in annual cost savings by 2013[.]

With regard to the Company's Environmental Services segment, the press release stated, in pertinent part, as follows:

> The positive movement in recycled raw materials prices (notably in France and Germany), the good progression of certain activities in the United States, and the ramp-up and growth of integrated contracts in the United Kingdom contributed to 6.9% organic revenue growth in the Environmental Services division in 2010. In addition, after a volume effect that was still marginally negative during the first quarter, the three remaining quarters of 2010 confirmed signs of volume recovery within certain division activities in many countries. Compared to the first three quarters of 2010, the fourth quarter of 2010 benefited from a less favorable base effect as the sector recovery commenced in the fourth quarter of 2009.
>
> - In **France**, revenue increased 7.0% at constant scope (-1.2% at current scope due to the divestment of Veolia Propreté Nettoyage et Multi-Services in 2009) due principally to higher recycled raw material prices (paper/cardboard and metal). Volumes on a global basis were stable in 2010, despite strong commercial discipline maintained at contract renewals, due to a partial improvement in activity.
>
> - **Outside France**, revenue grew 11.9% (+6.9% at constant scope and exchange rates). Revenue in Germany increased 9.8% at constant scope, and benefited from higher paper and cardboard prices, and since the third quarter, a rebound in activity in the commercial and industrial segment. Revenue in the United Kingdom increased 5.9% at constant scope and exchange rates due to the continued ramp and growth of integrated contracts and despite the continuing difficult economic environment which negatively impacted other division activities. ***In North America, 6.0% growth at constant scope and exchange rates was driven by the recovery of industrial services activities and special waste, and reinforced by one-time projects in solid waste.*** In Asia-Pacific, 10.7% revenue growth at constant scope and exchange rates benefited from the ramp and growth of our activities in China, notably in the

treatment of special waste, as well as strength in industrial services activities in Australia.

- Net divestments in the Environmental Services division in 2009 and 2010, notably the activities of Veolia Propreté Nettoyage et Multi-Services in France in August 2009, had an impact on revenue of -3.6% (-€312.4 million for the full year 2010 compared to 2009).

Adjusted operating cash flow increased 10.4% (+6.4% at constant exchange rates) to €1,296.6 million for the year ending December 31, 2010, versus €1,174.6 million for the same period in 2009.

In the context of stabilized global volumes during 2010, with signs of recovery apparent during the year, this improvement is explained by:

- higher recycled raw materials prices (paper and metal) compared to 2009, which positively impacted operational performance in the division's principal countries (France, United Kingdom, Germany, United States);

- positive effects of the Efficiency Plan (€61 million);

- operational improvements, notably in Germany.

Adjusted operating cash flow margin increased from 13.5% for the year ending December 31, 2009 to 13.9% for the same period in 2010.

Adjusted operating income increased 71.4% (+63.6% at constant exchange rates) to €609.1 million for the year ending December 31, 2010 versus €355.4 million for the same period in 2009.

The variation of adjusted operating income reflects:

- an impairment charge of €35 million booked in 2009 on operating financial assets in Italy, which explains the net charges to operating provisions amounted to -€20.4 million for the year ending December 31, 2010 versus -€54.1 million for the same period in 2009;

- and the impact related to the change in discount rate utilized at December 31 each year used to calculate the provisions for site rehabilitation, for +€26 million at December 31, 2010 versus -€56 million at December 31, 2009.

The adjusted operating income margin increased from 4.1% for the year ending December 31, 2009 to 6.5% for the same period in 2010.

[Emphasis added.]

45. On May 5, 2011, Veolia issued a press release announcing its "key figures" as of March 31, 2011. As of March 31, 2011, the Company reported consolidated revenue of €8,159.4 million. Moreover, Defendants confirmed the objectives the Company set for 2011. Defendant Frérot, commenting on the results, stated, in pertinent part, as follows:

> The growth trends of the previous quarters and the strong free cash flow in the first quarter allow us to confirm our 2011 objectives announced at the beginning of the year. Contract wins in Europe, North America and in Asia confirm Veolia Environnement's strategy of profitable growth.

With regard to the Company's Environmental Services segment, the press release stated, in pertinent part, as follows:

> Organic revenue growth of 10.2% in the Environmental Services division reflects the benefit of higher recycled raw material prices, which accounted for approximately (EURO)90 million (notably in France and Germany), as well as improvement in the level of activity for industrial services, treatment of hazardous waste and commercial waste collection, which contributed to higher volumes. In addition, volumes in the first quarter of 2010 were negatively affected by unfavorable climate conditions compared to the first quarter of 2011.
>
> - In **France**, revenue increased 12.1% at constant scope (+10.2% at current scope), due to the combined effect of higher recycled raw materials prices (paper/cardboard and metals) and improvement in volumes in certain activities, notably the treatment of hazardous waste, landfilling and collection from commercial customers.
>
> - **Outside France**, revenue increased by 9.1% at constant scope and exchange rates (+12.6% at current exchange rates). Germany benefitted from positive price differentials for paper and cardboard and improved activity in both industrial and commercial segments. Revenue in the United Kingdom increased 13.1% at constant scope and exchange rates, in line with the progression of integrated contracts, as well as an increase in volumes landfilled, and despite an economic environment that continues to be difficult for other activities. ***In North America, 1.2% revenue growth at constant scope and exchange rates resulted from an increase in industrial services and hazardous waste activities, and was reinforced by special projects. Revenue was negatively impacted by specific challenges related to technical issues and by a decline in asset utilization rates in the Gulf of Mexico in the Marine Services group.*** In Asia Pacific, revenue increased 8.1% at constant scope and exchange rates due to the ramp and growth of activities in China, notably in the treatment of hazardous waste, as well as the growth in industrial services activities in Australia.

[Emphasis added.]

46. Following the Company's first quarter press release, Veolia held a conference call with analysts and investors to discuss the earnings announcement and the Company's operations. With regard to the Company's Marine Service business, Defendant Riolacci stated, in pertinent part, as follows:

> It's worth to mention that volumes are flat in the US, where in Q1 last year we had this time a positive one-off. So overall, we have a global picture where the volumes are up, with probably a certain effect of the comparison basis. These are for -- this is for our Waste operation.
>
> * * * *
>
> PHILIPPE OURPATIAN, ANALYST, NATIXIS: Yes. Good morning to all of you. Good morning, Mr. Riolacci. I have in fact three questions. The first one is based on the US Waste business. You mentioned that there is some technical trouble you have recorded in some businesses in this area in the US and also a reduction in your marine activity in the Gulf of Mexico. Can you just elaborate on that first?
>
> Secondly, concerning Germany, maybe I don't catch all the elements you mentioned during the Waste division presentation. But could we have the trend in percentage in terms of growth you mentioned? Because in the press release you say that there is a positive differential price effect in Germany in the Waste business. But do we have the volumes and price breakdown and the absolute increase in this activity in Germany?
>
> And the last point is the Water contract you mention with, I would say, some delays in terms of building and construction in Florida. What is the impact of this delay in your revenue for the water activity? Many thanks.
>
> PIERRE-FRANCOIS RIOLACCI: Okay. On the US Waste business, the difficult operation that we are referring to is in our Marine Service business. This is a maintenance, industrial maintenance business for oil and gas operation in the Gulf of Mexico. And what we had in the first quarter is that we had less activity in the Gulf of Mexico. This is basically due to the drilling activity, which has been dramatically reduced since the blow up of the well, BP well in April. And this had little impact in 2010 because this blow up triggered many rescue operation and our fleet was used at that time and requested by BP for operation there.
>
> So in 2010 we had a little impact, but in the first quarter we had indeed some under-activity. It's not -- at the Group level it's not such a big deal, but when it comes to explaining variation of such and such, it does impact the Waste business margin. It's good to mention that, taking aside this Marine operation, the operating cash flow of

> our Waste business is doing quite well and in line -- more than in line with the top-line growth. So we are at a good level in the Waste business, except this one-off operation in the Gulf of Mexico.

47. The statements referenced above in ¶¶27-46 were each materially false and misleading when made because they misrepresented and failed to disclose the following adverse facts, which were known to defendants or recklessly disregarded by them:

(a) that Veolia was materially overstating its financial results by engaging in improper accounting practices. As detailed herein, Veolia has admitted that its prior financial reports for fiscal years 2007-2010 were materially false and misleading and overstated by at least €90 million due to fraud at the Company's Marine Services business;

(b) that the Company lacked adequate internal controls and was therefore unable to ascertain its true financial condition;

(c) that Veolia failed to timely record an impairment charge for its Transport business in Morocco, Environmental Services businesses in Egypt, Marine Services business in the United States, and in Southern Europe;

(d) that the Company's revenues were being hampered by the renewal of some of its major concession contracts; and

(e) as a result of the foregoing, Defendants lacked a reasonable basis for their positive statements about the Company and its prospects.

48. On August 4, 2011, Veolia issued a press release announcing its half year results, for the period ended June 30, 2011. For the half year, the Company reported consolidated revenue of €16,286.7 million. Moreover, Defendants reported operating income of €252.2 million, compared to €1100.7 million in the prior year period, due to "non-recurring write-downs amounting to €686M (principally in Italy, Morocco and the United States)." The Company stated that it would exit its Transport business in Morocco, Environmental Services businesses in Egypt, Marine Services

business in the United States, and in Southern Europe. With regard to the €686 million impairment, the press release stated, in pertinent part, as follows:

> In addition to the change in adjusted operating income described above, operating income includes impairment losses on goodwill and non-current assets of approximately €686 million, primarily on Company activities in Italy (€448 million, of which €298 million related to goodwill), the United States (€152 million for TNAI) and Morocco (€32 million).

Defendant Frérot, commenting on the results, stated, in pertinent part, as follows:

> In the context of improving Company performance, several months ago I launched a complete review of our operations, which is now finished and decisions have been reached. A number of changes have already been initiated and accomplished and the scope of Veolia's operations has already changed significantly throughout the last 18 months. However I have decided to accelerate the restructuring of our activities and supplement the transformation of Veolia Environnement with a convergence plan in order to increase synergies between our businesses and further reduce costs. This second phase will facilitate the achievement of the objective we set: to make Veolia a more reactive and more efficient company given its operational environment, focused on a significantly reduced number of countries, with fewer entities and activities, and a clear objective: to quickly improve profitability, all while capturing growth opportunities present within our activities.

Defendants also revealed that the Company had identified accounting fraud in its Marine Services business, which is within the Company's Environmental Services segment. In that regard, Defendants stated, in pertinent part, as follows:

> In addition, during the second quarter of 2011, the Company identified an incidence of accounting fraud in the United States in the Marine Services business within the Environmental Services division (not correlated with the operational downturn previously discussed). This fraud impacted the years 2007-2010, by amounts that were not significant in any of those years. The correction of accounts associated with the fraud had no impact on the accounts for the first half of 2011, or on the comparative 2010 period.

49. Following the Company's half year press release, Defendants held a conference call with analysts and investors to discuss the earnings announcement and the Company's operations. With regard to the accounting fraud in the Company's Marine Services business, Defendant Riolacci stated, in pertinent part, as follows:

> In the second quarter, we identified a bookkeeping fraud. Now, there was no embezzlement as such. We've completed our enquiry. We haven't found any evidence of embezzlement. However, the results were artificially bloated by improper accounting methods. Now, these inflated amounts of EUR152 million which -- this began in 2007 all the way up to 2010, this fraud let us to overestimate the profit making capacity of the subsidiary and therefore we have recognized tax liabilities which are not linked to the fraud. But, we have recognized tax liabilities which we shouldn't have done to the tune of $38 million.
>
> So, we -- and all this represents EUR90 million, which we have to adjust. These amounts are spread over four years. So EUR90 million spread over four years is not significant. However, we've had to adjust these amounts in 2011 over one year. This would've had a significant impact, so we're adjusting the EUR90 million in the opening balance sheet. So, that's particularly important, no embezzlement.
>
> The persons [sic] involved in the fraud all left the company since May and there has not been any writes-off linked to the adjustment. So not one item of the EUR800 million is linked to the fraud and secondly the fraud has no impact on the operating income for the quarter and for the years as a whole. So no writes-off and no P&L impacts since this is immediately adjusted in the beginning of the year balance sheet.
>
> * * *
>
> Yes, on the exposure resulting from the accounting, the book keeping, for – the US. The investigation process is now complete. The persons involved, the wrongdoers have been removed from the Company, the adjustments to the accounts have been made for the half yearly accounts. It has all been disclosed in our management report and our financial statements obviously are part of the mandatory disclosures and they will be online.
>
> And so we will be giving ACC the same inputs. Today we consider that the episode is behind us. It is closed to the extent that it can be, and we have no further pending action underway as regards that fraud. Once again, it occurred during second half.

With regard to the impairment charges, Defendant Riolacci stated, in pertinent part, as follows:

> Now on the yardstick of these developments, we're reviewing our position and significant disposals will be implemented in the region in the months ahead. The accounting conclusion is a fair value adjustment to the tune of EUR494 million, which has been booked as non recurring items. Italy accounts for the major part of this with writedowns of EUR476 million together with goodwill and given the non recurring aspect. The rest of the writedowns are not significant. They account for EUR18 million in the rest of the Southern Europe.
>
> The second sector where we encountered difficulties is Northern Africa and I'm not going to say all these is to do with Arab Spring although the Arab Spring did have some impact on parts of our businesses. The first topic here is our water business in

Morocco. We were in pretty difficult discussions in the spring and we've agreed to setup an independent commission which has submitted its conclusions and we after drawing the conclusions and implementing the results of this in terms of the negotiations that we're going to come up with regarding our investment policy.

We had a bus business in Rabat in Morocco. Now the financial conditions of this contract were fully never implemented and in particular in terms of compliance with the regulations by other operators. The competition was never really setup, probably. So we decided to transfer this business to our clients.

Finally in Egypt, we operate waste disposal in Alexandria and over the past few months with a new government, we have administrative problems which lead to the failure to pay for our services. So this is not acceptable and in July we have notified that -- put our clients on notice that we will be discontinuing our operations in this area.

This discontinuation of the activities impacts by EUR21 million, the adjusted operating cash flow at 30th of June. So overall, we are underway for a reduced presence in Northern Africa and some withdrawals will be implemented in the region. Now on a fair value basis, this corresponds to EUR32 million on the non recurring items and EUR54 million in recurring items.

The third sector is the -- the third region is the United States. These are very specific businesses. The first theme is Marine Service. This is a subsidiary whose business is industrial services in the Gulf of Mexico namely assistance for offshore drilling or onshore assistance. This business is relatively marginal compared to West's business. It is developed in recent years and represented revenue of $175 million in the first-half of 2010.

* * *

Now, [there] are operating impacts due to the explosion of the BP oil rig. So BP also called on us for the recovery operations, but on a quarter-on-quarter basis, then we have a significant slowdown in the business and our problem at present is that our ships are underused. That's the main problem. And this leads to an operating decline to the tune of EUR37 million on a one-half, first-half compared to the same period last year. Now, we have decided we resume control of this activity in terms of production and information and we're managing this very closely and this business is no longer of a strategic nature.

50. In reaction to these announcements, the price of Veolia ADSs fell $4.66 per share, or over 22%, to close at $16.10 per share, on heavy trading volume.

51. The market for Veolia ADSs was open, well-developed and efficient at all relevant times. As a result of these materially false and misleading statements and failures to disclose, Veolia

ADSs traded at artificially inflated prices during the Class Period. Plaintiff and other members of the Class purchased or otherwise acquired Veolia ADSs relying upon the integrity of the market price of Veolia ADSs and market information relating to Veolia, and have been damaged thereby.

52. During the Class Period, defendants materially misled the investing public, thereby inflating the price of Veolia ADSs, by publicly issuing false and misleading statements and omitting to disclose material facts necessary to make defendants' statements, as set forth herein, not false and misleading. Said statements and omissions were materially false and misleading in that they failed to disclose material adverse information and misrepresented the truth about the Company, its business and operations, as alleged herein.

53. At all relevant times, the material misrepresentations and omissions particularized in this complaint directly or proximately caused, or were a substantial contributing cause of, the damages sustained by plaintiff and other members of the Class. As described herein, during the Class Period, defendants made or caused to be made a series of materially false or misleading statements about Veolia's business, prospects and operations. These material misstatements and omissions had the cause and effect of creating in the market an unrealistically positive assessment of Veolia and its business, prospects and operations, thus causing the Company's ADSs to be overvalued and artificially inflated at all relevant times. Defendants' materially false and misleading statements during the Class Period resulted in plaintiff and other members of the Class purchasing the Company's ADSs at artificially inflated prices, thus causing the damages complained of herein.

Additional Scienter Allegations

54. As alleged herein, defendants acted with scienter in that defendants knew that the public documents and statements issued or disseminated in the name of the Company were materially false and misleading; knew that such statements or documents would be issued or disseminated to the investing public; and knowingly and substantially participated or acquiesced in

the issuance or dissemination of such statements or documents as primary violations of the federal securities laws. As set forth elsewhere herein in detail, defendants, by virtue of their receipt of information reflecting the true facts regarding Veolia, their control over, and/or receipt and/or modification of Veolia's allegedly materially misleading misstatements and/or their associations with the Company, which made them privy to confidential proprietary information concerning Veolia, participated in the fraudulent scheme alleged herein.

Loss Causation/Economic Loss

55. During the Class Period, as detailed herein, defendants engaged in a scheme to deceive the market and a course of conduct that artificially inflated the prices of Veolia ADSs and operated as a fraud or deceit on Class Period purchasers of Veolia ADSs by failing to disclose and misrepresenting the adverse facts detailed herein. When defendants' prior misrepresentations and fraudulent conduct were disclosed and became apparent to the market, the price of Veolia ADSs fell precipitously as the prior artificial inflation came out. As a result of their purchases of Veolia ADSs during the Class Period, plaintiff and the other Class members suffered economic loss, *i.e.*, damages, under the federal securities laws.

56. By failing to disclose to investors the adverse facts detailed herein, defendants presented a misleading picture of Veolia's business and prospects. Defendants' false and misleading statements had the intended effect and caused Veolia ADSs to trade at artificially inflated levels throughout the Class Period, reaching as high as $90.03 per share on February 28, 2008.

57. As a direct result of defendants' disclosures on August 4, 2011, the price of Veolia ADSs fell precipitously, falling from their closing price of $20.76 per ADS on August 3, 2011 to $16.10 per ADS on August 4, 2011 – a loss of $4.66 per ADS or over 22%. This drop removed the inflation from the price of Veolia ADSs, causing real economic loss to investors who had purchased Veolia ADSs during the Class Period.

58. The over 22% decline was a direct result of the nature and extent of defendants' fraud finally being revealed to investors and the market. The timing and magnitude of the price decline in Veolia ADSs negates any inference that the loss suffered by plaintiff and the other Class members was caused by changed market conditions, macroeconomic or industry factors or Company-specific facts unrelated to defendants' fraudulent conduct. The economic loss, *i.e.*, damages, suffered by plaintiff and the other Class members was a direct result of defendants' fraudulent scheme to artificially inflate the prices of Veolia ADSs and the subsequent significant decline in the value of Veolia ADSs when defendants' prior misrepresentations and other fraudulent conduct were revealed.

Applicability of Presumption of Reliance:
Fraud on the Market Doctrine

59. At all relevant times, the market for Veolia ADSs was an efficient market for the following reasons, among others:

(a) Veolia ADSs met the requirements for listing, and were listed and actively traded on the NYSE, a highly efficient and automated market;

(b) as a regulated issuer, Veolia filed periodic public reports with the SEC and the NYSE;

(c) Veolia regularly communicated with public investors via established market communication mechanisms, including regular disseminations of press releases on the national circuits of major newswire services and other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services; and

(d) Veolia was followed by several securities analysts employed by major brokerage firms who wrote reports which were distributed to the sales force and certain customers of their respective brokerage firms. Each of these reports was publicly available and entered the public marketplace.

60. As a result of the foregoing, the market for Veolia ADSs promptly digested current information regarding Veolia from all publicly available sources and reflected such information in the prices of Veolia ADSs. Under these circumstances, all purchasers of Veolia ADSs during the Class Period suffered similar injury through their purchase of Veolia ADSs at artificially inflated prices and a presumption of reliance applies.

No Safe Harbor

61. The statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to any of the allegedly false statements pleaded in this complaint. Many of the specific statements pleaded herein were not identified as "forward-looking statements" when made. To the extent there were any forward-looking statements, there were no meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the purportedly forward-looking statements. Alternatively, to the extent that the statutory safe harbor does apply to any forward-looking statements pleaded herein, defendants are liable for those false forward-looking statements because at the time each of those forward-looking statements were made, the particular speaker knew that the particular forward-looking statement was false, and/or the forward-looking statement was authorized and/or approved by an executive officer of Veolia who knew that those statements were false when made.

COUNT I

Violation of Section 10(b) of the Exchange Act and Rule 10b-5 Promulgated Thereunder Against All Defendants

62. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

63. During the Class Period, defendants disseminated or approved the materially false and misleading statements specified above, which they knew or deliberately disregarded were

misleading in that they contained misrepresentations and failed to disclose material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

64. Defendants: (a) employed devices, schemes, and artifices to defraud; (b) made untrue statements of material fact and/or omitted to state material facts necessary to make the statements not misleading; and (c) engaged in acts, practices, and a course of business which operated as a fraud and deceit upon the purchasers of the Company's ADSs during the Class Period.

65. Plaintiff and the Class have suffered damages in that, in reliance on the integrity of the market, they paid artificially inflated prices for Veolia ADSs. Plaintiff and the Class would not have purchased Veolia ADSs at the prices they paid, or at all, if they had been aware that the market prices had been artificially and falsely inflated by defendants' misleading statements.

66. As a direct and proximate result of defendants' wrongful conduct, plaintiff and the other members of the Class suffered damages in connection with their purchases of Veolia ADSs during the Class Period.

COUNT II

Violation of Section 20(a) of the Exchange Act Against the Individual Defendants

67. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

68. The Individual Defendants acted as controlling persons of Veolia within the meaning of Section 20(a) of the Exchange Act as alleged herein. By reason of their positions as officers and/or directors of Veolia, and their ownership of Veolia ADSs, the Individual Defendants had the power and authority to cause Veolia to engage in the wrongful conduct complained of herein. By

reason of such conduct, the Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act.

PRAYER FOR RELIEF

WHEREFORE, plaintiff prays for relief and judgment, as follows:

A. Determining that this action is a proper class action and certifying plaintiff as a Class representative under Rule 23 of the Federal Rules of Civil Procedure;

B. Awarding compensatory damages in favor of plaintiff and the other Class members against all defendants, jointly and severally, for all damages sustained as a result of defendants' wrongdoing, in an amount to be proven at trial, including interest thereon;

C. Awarding plaintiff and the Class their reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and

D. Such equitable/injunctive or other relief as deemed appropriate by the Court.

JURY DEMAND

Plaintiff hereby demands a trial by jury.

DATED: December 27, 2011

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CERTIFICATION OF NAMED PLAINTIFF
PURSUANT TO FEDERAL SECURITIES LAWS

The undersigned declares, as to the claims asserted under the federal securities laws, that:

Plaintiff has reviewed the complaint and authorized its filing.

Plaintiff did not purchase and/or acquire the security that is the subject of this action at the direction of Plaintiff's counsel or in order to participate in any private action under the federal securities laws.

Plaintiff is willing to serve as a representative party on behalf of the class, including providing testimony at deposition and trial, if necessary. I understand that this is not a claim form, and that my ability to share in any recovery as a member of the class is not dependent upon execution of this Plaintiff Certification.

Plaintiff's transactions in the security that is the subject of this action during the Class Period are as follows:

Purchases:

Name of Company	Date(s) Purchased	# Shares Purchased	Cost
VE	6/30/2008	100	$55.85/sh
	4/02/2009	100	22.00/sh
	11/17/2010	100	29.25/sh

Sales:

Name of Company	Date(s) Sold	# Shares Sold	Proceeds
VE		NONE	

During the three (3) years prior to the date of this certification, Plaintiff has not sought to serve or served as a class representative in an action filed under the federal securities laws except for the following (if any):

Plaintiff will not accept any payment for serving as a representative party on behalf of the class beyond Plaintiff's pro rata share of any recovery, except such reasonable costs and expenses (including lost wages) directly relating to the representation of the class as ordered or approved by the court.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this 22ND day of DEC 2011 in BLOOMINGTON, INDIANA.
City State

(Signature) X [signature]

(Print Name) JAMES L. McLAY - TRUSTEE FOR THE BARBARA L. McLAY TRUS